

## 6 FAH-5 H-330 COST DISTRIBUTION METHODS

*(CT:ICASS-9; 10-27-2008)*  
*(Office of Origin: RM/ICASS)*

### 6 FAH-5 H-331 DISTRIBUTION FACTORS

*(CT:ICASS-9; 10-27-2008)*  
*(Applies to participating ICASS agencies)*

The Standard and Lite systems use standardized distribution factors to distribute costs to participating agencies. The Interagency Working Group (IWG) in Washington DC determines the distribution factor for each cost center and they may not be changed by posts. The purpose for standardizing workload factors in these two systems is to minimize the differences in the final products generated at posts and to facilitate worldwide comparisons of post administrative support costs. International Cooperative Administrative Support Services (ICASS) uses two types of distribution factors: static and cumulative counts.

#### 6 FAH-5 H-331.1 Static Counts

*(CT:ICASS-9; 10-27-2008)*  
*(Applies to participating ICASS agencies)*

Counts that are based on a "snapshot" of data on a particular date are static counts. In ICASS, static counts use capitation, square meters occupied, and number of devices/vehicles/housing units serviced. These counts are taken on May 1 of each year and the resulting workload count forms the basis for each customer agency invoice for the upcoming fiscal year.

- (1) **Capitation:** Many cost centers use capitation as the distribution factor to spread costs to all customer agencies. Because staffing levels at post may vary throughout the year, establishing an accurate count is an important part of the ICASS process. Capitation counts must use the authorized personnel system of record as the primary source of data. In ICASS, most capitation counts can be modified (see 6 FAH-5 H-332.1).

- (a) Cost centers in ICASS Standard that use capitation include:
  - 6150-Basic Package Services
  - 6443-Community Liaison Office (CLO) Services

- 5624-Health Services
- 5880-Security Services
- 6441 and 6451-Human Resources Services
- 6197-Mail and Messenger Services
- 6222-Payrolling and 6143-Non-Expendable Property Management Services

(b) In ICASS Lite, in addition to the cost centers that are the same in Standard and Lite (6150, 6443, 5624 and 5880), three major groups of services provided in the Standard methodology are “compressed” in Lite and use capitation as the workload count: nine cost centers under 6145-General Services, three under 6196-Information Management and two under 6445-Human Resources.

(2) **Unit or Square Meter Counts:** Some cost centers use distribution factors based on the services provided, such as the number of telephones connected to the switchboard, number of leases maintained or square meters of space occupied. Cost centers that use “space occupied” as the distribution factor apply specific measuring methodologies outlined in 6 FAH-5 H-341.12 Building Operations.

(a) Cost centers in ICASS Standard that use this type of static count include:

- 5458-Information Management Technical Support
- 5826-Non-Residential Local Guard Program Services
- 6132-Vehicle Maintenance Services
- 6148-Leasing Services
- 6144-Household Furniture, Furnishings and Appliance Pools
- 6195-Reception, Switchboard and Telephone Services
- the four Building Operations Services (7810/20/50/60)

(b) In ICASS Lite, 5458-Information Management Technical Support; 5826-Non-Residential Local Guard Program Services; 6144-Household Furniture, Furnishings and Appliance Pools; and the four Building Operations Services (7810/20/50/60) use the same static counts as in Standard.

## **6 FAH-5 H-331.2 Cumulative Counts**

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

- a. Counts that track ongoing workload are cumulative counts. Cumulative counts are gathered from May 1 through April 30 of the following year and establish the workload count to be used in the budget for the subsequent fiscal year. It is recommended that customer agencies subscribe to all cost centers that use a cumulative count for the distribution factor. Because no charges are assessed unless the service is actually used, there is no cost involved in simply subscribing to the service but it is available if and when it is needed (see 6 FAH-5 H-334).
- b. In ICASS, cumulative counts include the number of kilometers driven, number of strip codes processed, weight of pouches shipped, number of procurement actions processed, etc. All counts are accumulated in the course of daily work for accountability as well as for cost distribution purposes. Wherever possible, these counts are taken from authorized automated systems (e.g., cost centers in Financial Services use the authorized financial systems of record). In some cases, such as weight of pouches shipped, cumulative counts are based on an estimate of annual use.
- c. Standard cost centers that use cumulative counts include:
  - (1) 6133-Administrative Supply;
  - (2) 6134-Procurement Services;
  - (3) 6135-Reproduction Services;
  - (4) 6136-Shipping and Customs;
  - (5) 6139-Motor Pool Services;
  - (6) 6462-Travel Services;
  - (7) 6192-Pouching;
  - (8) 6211-Budgets and Financial Plans;
  - (9) 6221-Accounts and Records;
  - (10) 6223-Vouchering; and
  - (11) 6224-Cashiering.
- d. There is only one Lite cost center that uses a cumulative count: 6225-Financial Management Services.

## **6 FAH-5 H-332 ADJUSTMENTS TO DISTRIBUTION FACTORS**

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

The established distribution factors may not always accurately reflect a customer agency's usage of or need for a particular service. In other cases, a distribution factor may need some other adjustment to ensure that a customer agency's count reflects the level of effort required in a particular cost center. To address these situations there are several ways to alter distribution factors: modification, weighting and the use of sub-cost centers. The use of modification and weighting is determined by the Washington DC ICASS Working Group and is fixed in both ICASS Standard and Lite software systems and may not be changed at post. Sub-cost centers are used only in those cases where modification and weighting does not provide an equitable distribution of costs.

## **6 FAH-5 H-332.1 Modification**

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

- a. As not all customer agencies require the same level of services, certain cost centers allow for a modification of the distribution factor. In each cost center outlined in 6 FAH-5 H-340, the "How to Count" section explains the respective distribution factor and whether or not it is modifiable. It also provides guidelines which describe the circumstances for granting a modification. Because the granting of modifications has a direct impact on all agencies' invoices, they should be granted only in clearly documented situations. Working with the post Budget Committee, the service provider must establish post-specific guidelines for granting modifications for each cost center, ensuring transparency and equity.
- b. To establish post guidelines for granting modifications, the core services outlined in each cost center in 6 FAH-5 H-340, coupled with any additional essential post-specific services, must be reviewed in order to establish objective criteria. Once these criteria are established, the post Budget Committee does not need to review each individual agency request for modification, as long as the criteria are uniformly applied by the service provider. The agency seeking a modification has the responsibility to justify and document the basis for any modification requested.
- c. In Standard or Lite, a modification to a distribution factor will reduce the cost of that service for the subscribing agency and create a corresponding increase for other subscribing agencies. The service provider must ensure that granting a modification represents an equitable sharing of the costs for that service. The example below shows in very basic form the effect of a modification on the cost of a service to a customer agency (it does not factor in ICASS Redistribution).

Post has budgeted \$3,000 to this cost center and the total agency

workload is shown in the first column. The modification factor is "1" for all agencies (i.e., full service).

<b>Wkld Count</b>	<b>Mod. Factor</b>	<b>Mod. Wkld</b>	<b>%Share Wkld</b>	<b>Agency Invoice</b>
10	1.0	10	33.33%	\$1,000
10	1.0	10	33.33%	\$1,000
10	1.0	10	33.33%	\$1,000

Total Modified Workload is 30; Unit Cost is \$100

The next chart takes the same cost center and modifies the workload for two of the agencies.

<b>Wkld Count</b>	<b>Mod. Factor</b>	<b>Mod. Wkld</b>	<b>%Share Wkld</b>	<b>Agency Invoice</b>
10	1.0	10	52.63%	\$1,579
10	0.6	6	31.58%	\$ 947
10	0.3	3	15.79%	\$ 474

Total Modified Workload is 19; Unit Cost is \$157.90

d. In ICASS, the only modification factors that may be applied to distribution factors are as follows:

1.0	Full service
0.6	Mid level service
0.3	Low level service

In establishing post policies for modifications, all relevant factors must be considered. Some cost centers cover services that are not typically used on a regular basis (e.g., Security Services) but are there when you need them (e.g., a new Locally Employed (LE) Staff employee is being hired and needs a background check, or an employee is in a car accident and needs assistance with the local authorities) and are not otherwise available from any other source. Modification to this kind of cost center is difficult to justify and would be allowable only in very limited circumstances.

e. Beyond this kind of cost center, there are two basic reasons for modification: an agency self-provides some of the offered services or an agency is located a significant distance from the Embassy, thus limiting

access to the offered services. For example, all agencies must subscribe to Basic Package and CLO Services. These two cost centers are described as the “firehouse” equivalent in ICASS – the services are there if and when you need them and represent the basic platform serving all customer agencies. While both cost centers are modifiable, the respective rationale for modification is very different. If an agency believes it should get a modification because it does not need or use all the services offered, that agency must be able to document its justification.

- (1) **Geographic Proximity:** The issue of geographic proximity is considered differently in each cost center. For example, Basic Package Services depends less on the amount of usage/access to services than on the fixed set of services available to all employees. CLO Services, however, uses a similar distribution factor (head count), but there is more relevance to one’s ability to frequently access those services. In CLO services, geographic proximity would play a more important role in determining a level of modification.
  - (2) **Agencies that Self-Provide:** Many agencies self-provide some of the services provided in ICASS, either using their own local staff or headquarters staff. For instance, an agency may do its own voucher certification but needs ICASS assistance to process the payment of the voucher. This would be an appropriate justification to modify the level of service in 6223-Vouchering Services. In another example, at a Standard post an agency has two LE Staff employees and it subscribes to 6451-HR/LE Staff Services. Unless that agency “self-provided” a significant portion of the services outlined in this cost center, it would subscribe at the full level of service. The fact that the agency has only two employees would not be a justification for a modification.
- f. **Modifications in ICASS Lite:** In ICASS Lite posts, modifications have an added level of complexity because four of the 16 cost centers contain a wide-range of services representing 19 cost centers in the Standard software system (see chart below). In Lite posts, it is recommended that service providers establish “bundles” of services in each cost center (particularly the four “compressed” cost centers) as part of its policy on cost center modifications. In establishing “bundles” of services, post should consider the level of effort, time and resource allocations required for each service so that each bundle represents an equal share of the costs. This will facilitate a standard approach to granting modifications. Modification is the preferred method for adjusting customer agency workload counts at Lite posts.

<b>Cost Center Comparison</b>
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<b>Service</b>	<b>Standard</b>	<b>Lite</b>
General Services	9 cost centers	1 cost center
Human Resources	2 cost centers	1 cost center
Financial Management	5 cost centers	1 cost center
Information Management	3 cost centers	1 cost center

## 6 FAH-5 H-332.2 Weighting

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

a. In some cost centers, the use of a standard distribution factor does not reflect either the level of effort required or the differing levels of service typically provided. To address these differences, ICASS uses certain weighting factors that are unique to and mandatory in the respective cost centers where they are used.

- (1) The 6134-Procurement Services cost center in Standard uses a cumulative count (total number of executed procurement documents) combined with a weighting factor (see 6 FAH-5 H-341.7-3 Procurement Services). This weighting factor is intended to reflect the increased level of effort required of larger procurement actions. In ICASS, the weighting factor for the Procurement cost center is:

Procurement Weighting Factors	
3	One procurement action greater than \$100,000
2	One procurement action greater than \$3,000 through \$100,000
1	One procurement action of \$3,000 or less

- (2) The 6143-Non-Expendable Property Management Services cost center in Standard uses a static count of U.S. Direct Hire (USDH) and LE Staff, and weights the number of LE staff by a factor of 0.2. This weighting factor reflects the lower level of use of the services in this cost center by LE staff.
- (3) The 6145-General Services cost center in Lite also uses a static count of USDH and LE Staff and weights the number of LE staff by a factor of 0.2. As above, this weighting factor reflects the lower level of use of the services in this cost center by LE staff.

- (4) The 5458-Information Management Technical Services cost center in both Standard and Lite uses a two-tier static count comprised of devices serviced and OpenNet User IDs established. Because many agencies maintain their own computer networks and only need access to OpenNet for certain post operations, a weighting factor of 0.3 is applied to User IDs for those agencies.

## 6 FAH-5 H-332.3 Sub-Cost Centers

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

- a. If modifications or weighting do not achieve an equitable distribution of costs, post may need to create a sub-cost center to separate a particular service(s) that is(are) not used by all agencies. For example, at a Lite post, one agency may subscribe to only two services in 6145-General Services (i.e., Shipping and Customs and Vehicle Maintenance). Post has determined that the 0.3 modification to this cost center does not accurately capture the costs for this service for this agency; to address this inequity, post could establish a sub-cost center for these two services. In preparing the budget, post must allocate an appropriate percentage of staff time and costs related to these two services to the sub-cost center. Post will then need to capture the workload count for all agencies that subscribe to these services (not just the one that utilizes only these two services). In this case, the distribution factor for 6145-General Services is based on capitation and that would be the workload count for each subscribing agency in this sub-cost center.
- b. While the use of sub-cost centers can provide more precision in spreading certain costs, post must weigh these benefits against the additional time and effort required for budgeting, accounting and tracking actual obligations. A sub-cost center is essentially the equivalent of creating a new cost center and post must ensure that appropriate time allocations and other budget costs are entered for the sub-cost center and that the workload reflects all customer agencies. As a rule of thumb, posts should observe the "one percent rule" when considering the establishment of a sub-cost center: If the total employee time allocation to the proposed sub-cost center is one percent, a sub-cost center should not be established as the amounts are so minimal that it would not be worth the time and effort to segregate these costs.

**NOTE:** Sub-cost centers must use the same distribution factor as the "parent" cost center.

## 6 FAH-5 H-333 WORKLOAD COUNTS



## **6 FAH-5 H-333.1 Timeline for Workload Counts**

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

- a. Workload counts play a key role in the ICASS process and ensuring their accuracy is a responsibility of both the service provider and customer agencies. Gathering the data, validating the information and entering it into the software are all done on a fixed timeline (outlined below) and, once established, they may be changed only in very limited circumstances. These workload counts form the basis for developing agency invoices.
  - (1) January through March: Post ICASS Budget Committee meets to review and discuss the workload count methodology and any proposed modifications for the upcoming fiscal year. This will ensure that all Budget Committee representatives and service providers have a common understanding. The service provider should also begin the process of reviewing time allocations in preparation for the June 1 review by the Budget Committee.
  - (2) May 1: The service provider records the workload counts, including all approved modifications, for each agency, i.e., cumulative workload counts for the past year (see 6 FAH-5 H-331.2) and a snapshot taken for static workload counts (see 6 FAH-5 H-331.1).
  - (3) June 1: The service provider provides to each customer agency, in writing, the workload counts and time allocations that will be used to distribute ICASS costs in the upcoming fiscal year. Budget Committees must review and approve the workload counts and time allocations provided by the service provider and any modifications approved.
  - (4) July 1: The customer agencies must provide the service provider written approval of the workload counts and time allocations. Once finalized, these counts will be used in the initial and final budget submissions for the upcoming fiscal year.
  - (5) Late July: Posts submit to the ICASS Service Center the annual ICASS workload and time allocation data. Based on this information, a report is provided to customer agencies in Washington as a preliminary indication of any shifts in levels of service and their potential impact in agency invoices.

## **6 FAH-5 H-333.2 Calculating Workload Counts**

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

- a. Workload counts are taken on May 1 of each year and form the basis for customer agency invoice calculations for the upcoming fiscal year.
  - (1) **Static Counts:** There are two types of static counts: capitation and unit or square meter counts (see 6FAH-5 H-331.1).
    - (a) **Capitation Counts:** Capitation counts reflect a “snapshot” of post staffing as of May 1. These counts are fixed and can only be changed in limited circumstances (see 6 FAH-5 H-333.3). While post may know that the incumbent of a position will be replaced between May 1 and April 30 by someone with a different family size, the capitation counts may not be changed until May 1 of the following fiscal year. For example, on May 1 a position is encumbered by an employee who is single and has no dependents; a count of “one” is used in all cost centers that use capitation as the distribution factor. The replacement for this employee (e.g., an employee with a spouse and five children) is scheduled to arrive on August 15. The count of “one” captured on May 1 remains the official count to be used for the upcoming fiscal year. The employee and family of six will be counted on May 1 of the following year. This methodology is based on policy established by the IWG.
    - (b) **Unit/Square Meter Counts:** Cost centers that use this type of count also capture a “snapshot” of post operations as of May 1. While post may know of upcoming changes that may affect these counts, the policy is to establish the count based on data as of May 1.
  - (2) **Cumulative Counts:** Cumulative counts are based on workload that was generated during the prior year. For example, the Procurement Services cost center counts all procurement actions from May 1 through April 30. This prior year number is used to project the workload for the upcoming fiscal year. These counts are fixed and typically are based on automated reports.
- b. When gathering the May 1 workload counts, various circumstances may require additional consideration and review.
  - (1) **Abolished Positions:** If an agency officially (in writing) informs the service provider that a position currently receiving ICASS services will be abolished in the upcoming fiscal year, the agency’s workload count should be adjusted at this time. The following formula should be used at both Standard and Lite posts for pro-rating the capitation workload counts to calculate the portion of ICASS services that will actually be received during the next fiscal year (October 1 through September 30).

Three months or less	No workload count
Four to six months	0.5 count
Seven or more months	1.0 count

**NOTE 1:** These pro-rata calculations are done off-line and entered into the software. This adjustment is different from a modification.

**NOTE 2:** No adjustments are made to cumulative counts unless an agency is also totally withdrawing from the service. In this case, the agency must give the service provider six months notice of its intent to withdraw from service (by April 1 or October 1) as outlined in 6 FAH-5 H-018.4. In the case of total withdrawal from service, adjustments to cumulative counts should follow a similar pro-rata formula that is fair and equitable to all customer agencies.

**NOTE 3:** If an agency changes its mind about eliminating a position that it had informed the service provider would be abolished, an adjustment to the workload count for that agency should be made in the initial or final budget, depending on the timing.

- (2) **Vacant Positions:** If an agency has positions that are unfilled on May 1 and will not be filled during the upcoming fiscal year, these positions are not counted.
- (3) **Temporarily Vacant Positions:** If an agency has positions that are unfilled on May 1 but will be filled during the upcoming fiscal year, these positions are counted.

**NOTE:** For those cost centers that require the inclusion of dependents (i.e., CLO and Health), the counts will use the previous incumbent's "profile." For example, if the previous incumbent of the temporarily vacant position had three authorized dependents, that profile would be used in developing the workload counts that include family members.

- (4) **New Positions:** If the position is filled as of May 1, it is included in the count. For all new positions filled after May 1, post has several options, depending on when the new position is established:
  - (a) If post has determined that it will absorb this new position (i.e., no new funding will be requested) and no partial year invoice will be prepared, workload counts for the new position(s) are added when the initial or final budget is prepared (depending on the timing), using the pro-rata

formula outlined above in 6 FAH-5 H-331.1.a.(1);

- (b) If post plans to request a base increase to support a new position(s), a partial year invoice must be prepared (see 6 FAH-5 H-451.1-4). The incorporation of workload counts for new positions varies depending on when the position is filled. Post must take care to ensure that an agency is not charged twice (once using a regular invoice and once using the partial year invoice) and follow the guidance below.
  - i. For new positions filled between May 2 (after the count is taken) and August 15 (the cut-off for filing partial-year invoices), post will prepare a partial-year invoice for the current fiscal year and will adjust the workload counts for that agency in the initial budget for the upcoming fiscal year.
  - ii. For new positions filled between August 15 and September 30, no partial year invoice can be prepared. Post must wait until after the final budget submission for the upcoming fiscal year to prepare a partial-year invoice, (up to a maximum of 11 months) covering the period from October 1 through August 31. The new position is included in the workload counts taken on May 1 of the following year for the subsequent fiscal year.
  - iii. For new positions filled after October 1, post must wait until after the final budget submission of the fiscal year and prepare a partial-year invoice (up to a maximum of 11 months) covering the period from arrival at post through August 31. The new position would be reflected in the workload counts to be taken on May 1 of the following year for the subsequent fiscal year.

## 6 FAH-5 H-333.3 Changing Workload Counts

*(CT:ICASS-9; 10-27-2008)*

*(Applies to participating ICASS agencies)*

There are limited circumstances under which changes may be made to established workload counts as outlined below. Any change in workload count that will result in a material change in customer agency invoices must be reported to the post Budget Committee.

- a. **Abolishment of Positions:** If a customer agency is abolishing filled position(s), that agency must notify the service provider in writing as soon as possible, preferably giving six months notice of the planned reduction. The service provider will change the agency's count at the

next possible opportunity, either at the beginning (initial budget) or end (final budget) of the budget cycle using the pro-rata share formula outlined in 6 FAH-5 H-333.2.

**NOTE 1:** Agencies completely withdrawing from a service **must** give the service provider six months notice as outlined in 6 FAH-5 H-018.4.

**NOTE 2:** See 6 FAH-5 H-333.2 for changes to abolished positions.

- b. **Error Corrections:** The service provider may change workload counts in the final budget to correct errors (e.g., forgetting to include a workload count for an agency, including a workload count for an agency that has left post, or including a workload count for an agency in a cost center not subscribed to) that occurred in the initial budget. Error corrections are communicated to the post Budget Committee as soon as discovered to ensure transparency.
- c. **New Agencies:** Add workload for new agencies (when the partial-year invoice will not be used). Adding new customers would redistribute costs and lower other agency invoices.
- d. **New Subscriber to a Service:** Add workload for agencies newly subscribing to an ICASS service(s) (also when the partial-year invoice will not be used).
- e. **Withdrawal from Service/Agency Downsizing:** Adjust workload for agencies terminating a service where six month's notice was given (as outlined in 6 FAH-5 H-021.h). In general, this would be known at the beginning of the fiscal year and adjusted annual workload counts would be included in the initial budget submission.

**NOTE:** Changes to cost center time allocations are not authorized in the final budget (see 6 FAH-5 H-315 a (5)).

## 6 FAH-5 H-334 COLLATERAL WORKLOAD COUNTS

*(CT:ICASS-9; 10-27-2008)*  
*(Applies to participating ICASS agencies)*

- a. The cost distribution methodology used in ICASS requires a consistent and transparent approach to tracking workload and distributing costs to customer agencies. The cost centers in ICASS represent a broad range of services that support an integrated management platform. In many situations it is very difficult to isolate a service in order to avoid generating workload in another cost center. Consequently, there may be instances where an agency that does not subscribe to a specific cost center may generate workload in that cost center, requiring an adjustment in workload counts.

- b. For example, an agency occupies a short-term leased residential property and the air conditioner is not working. The agency subscribes to 7850-Building Operations-STL Residential Services, so a work crew goes to the house to investigate the problem. It is determined that the U. S. Government-owned air conditioner is beyond repair and needs to be replaced. Because the post does not have a furniture and appliance pool, each agency funds its own requirements. However, this agency does not subscribe to Procurement Services.
- c. There are two alternatives in this situation:
  - (1) The agency is provided the specifications for the air conditioning unit so they can procure it directly (either through their headquarters office or over the internet using their own purchase card or other means); or
  - (2) The agency provides a fund cite and asks the Procurement Section to purchase the item. In the latter case, the workload associated with this procurement is tracked and included in the following year's workload count for this agency and they effectively subscribe to Procurement Services.

## **6 FAH-5 H-335 THROUGH H-339 UNASSIGNED**